

From: Lori Petre [LPETRE@eppconsulting.com]
Sent: Tuesday, June 28, 2005 6:05 PM
To: Petre, Lori
Subject: FW: New Hospital Outpatient Reimbursement Methodology - HOSPITALS TO READ!!

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From: Price, Kari [mailto:Kari.Price@azahcccs.gov]
Sent: Monday, June 27, 2005 2:34 PM
To: Harper, Sara
Cc: Betlach, Tom; Lori Petre; DHCM Managers ; Adam Miller; Carolyn Rose; Jakki Hillis ; Kathy Oestreich; Mary Kaehler; Nancy Novick ; Phyllis Biedess ; Rodney Armstead MD ; Stan Aronovitch
Subject: New Hospital Outpatient Reimbursement Methodology - HOSPITALS TO READ!!

As you may be aware by now, AHCCCS is adopting a new payment methodology for FFS outpatient hospital services effective with dates of service July 1, 2005. The new methodology will utilize an outpatient hospital fee schedule at the procedure code level and will bundle surgery and emergency department services *similar* to Medicare's outpatient reimbursement system.

In addition to AHCCCS adopting this new payment methodology for FFS outpatient hospital services, the AHCCCS contractors will also be adopting this methodology as a default methodology **in the absence of a contract that specifies differently**. In order to ensure that the contractors are able to process the claims timely, consistently and accurately, AHCCCS has been working with an external consultant to certify that each contractor is ready to pay according to this new methodology starting on July 1st. AHCCCS will not allow the contractor to move forward with this payment methodology until they have proven that they can process a control group of more than 225 claims accurately. Plans that are not certified at this point, will continue to process using the CCR methodology for dates of service in July 2005 (in the absence of a contract specifying differently). AHCCCS will continue to certify those that are not ready currently for an August 1st start date.

The following AHCCCS contractors will be defaulting to the new methodology effective July 1, 2005:

Health Choice Arizona
Maricopa Health Plan
Maricopa Long Term Care Plan
Phoenix Health Plan

Comprehensive Medical Dental Plan (CMDP)
DES/DDD (with the exception of acute subcontractors not certified at this time)
Cochise Health System
Yavapai Long Term Care Plan
Children's Rehabilitative Services (CRS)

If you have questions regarding your reimbursement arrangements with these or any other AHCCCS contractors, please contact your provider services representative at the plan. AHCCCS will be sending a second notice in July updating with additional certifications.

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